

## Renewable Energy

The information contained in this fact sheet is current as of the date of publication and is intended only as general information. It does not cover every aspect of this incentive. Not all possible applications of this program are discussed. This fact sheet does not alter or supersede any administrative regulations or rulings issued by the Department.



### Contact Information

**Taxpayer Services**  
1-800-647-7706

### Helpful links

**General Tax Information**  
<http://dor.wa.gov>

#### Tax Incentives

Visit our web site [dor.wa.gov](http://dor.wa.gov), under "Quick Clicks" select "Tax Incentive Programs."

### Solar Energy System and Solar Grade Silicon Manufacturers – Reduced B&O Tax Rate

#### Available to

Manufacturers/processors for hire of solar energy systems using photovoltaic modules or manufacturers/processors for hire of solar grade silicon to be used as components of these systems.

#### Qualifying Activity

Manufacturing, processing for hire, and selling at wholesale by manufacturer solar energy systems using photovoltaic modules or solar grade silicon components of these systems.

#### Rate

Reduced B&O tax rate is 0.2904 percent.

#### Definitions

**Module:** the smallest nondivisible self-contained physical structure housing interconnected photovoltaic cells and providing a single direct current electrical output.

**Photovoltaic cell:** a device that converts light directly into electricity without moving parts.

**Solar energy system:** any device or combination of devices or elements that rely upon direct sunlight as an energy source for use in the generation of electricity.

**Solar grade silicon:** high-purity silicon used exclusively in components of solar energy systems using photovoltaic modules to capture direct sunlight. "Solar grade silicon" does not include silicon used in semiconductors.

#### Reporting/Documentation

- No application required
- Annual report must be filed by March 31st of following year
- Electronic filing not required
- Expires June 30, 2014
- RCW 82.04.294
- RCW 82.32.620

### Solar Hot Water Equipment – Sales/Use Tax Exemption

#### Available to

All persons.

#### Qualifying Activity

- Purchases of OG-300 rated solar water heating systems, OG-100 rated solar water heating collectors, solar heat exchangers, or differential solar controllers
- Charges for repair and replacement parts for such equipment
- Charges for labor and services for installing, repairing, cleaning, altering, or improving such equipment.

#### Reporting/Documentation

- Completion of Buyers' Retail Sales Tax Exemption Certificate by buyer for seller's records
- No application required
- No Annual Survey/Report
- Electronic filing not required
- Expires July 1, 2009
- RCW 82.08.835
- RCW 82.12.835



## Energy Production Using Solar, Methane, & Wind Power - Cost Recovery Program

### Available to

Individuals, businesses, and local government entities that are not in the light and power business or gas distribution business. Light and power company may take public utility tax credit for amounts paid to participants.

### Qualifying Activity

Participants must generate electricity on their own property with an anaerobic digester or a wind or solar energy system and apply to their light and power company for a cost recovery incentive payment.

### What are the incentive payment rates?

Maximum payment = \$2,000/annually per property.

The payment equals \$0.15 per economic development kilowatt-hour multiplied by the following rates:

#### Customer-generated Power Rate

- Solar modules manufactured in Washington State - 2.4
- Solar or wind generating equipment with an inverter manufactured in Washington State - 1.2
- Anaerobic digester or other solar equipment or wind generator equipped with blades manufactured in Washington State - 1.0
- All other electricity produced by wind - 0.8

### Reporting/Documentation

- Interested persons should contact their light and power company and find out if the company participates in the program. Light and power companies are not required to participate.
- Completion of Renewable Energy Cost Recovery Certification by participant.
- Completion of Renewable Energy System Cost Recovery Annual Incentive Payment Application due by participants to light and power business by August 1.
- No Annual Survey/Report
- Electronic filing not required
- This program applies to measured customers' renewable energy system kilowatt-hours generated between July 1, 2005, and June 30, 2014.
- RCW 82.16.130
- WAC 458-20-273

## Machinery & equipment used to generate electricity using fuel cell, wind, landfill gas, or solar energy- Sales/Use Tax Exemption

### Available to

Individuals, businesses, and local government entities that generate electricity using fuel cell, wind, landfill gas, or solar energy.

### Qualifying Activity

Purchase or lease of machinery and equipment used directly in generating electricity using fuel cells, wind, landfill gas, or solar energy as the principal source of power.

Effective July 1, 2001, the purchaser must use the machinery and equipment to develop an energy system capable of generating at least two hundred watts of electricity.

### Definitions

**Landfill gas:** biomass fuel of the type qualified for federal tax credits under 26 U.S.C. Sec. 29 collected from a landfill. "Landfill" means a disposal facility or part of a facility at which solid waste is placed in or on land and which is not a land treatment facility.

**Machinery and equipment:** industrial fixtures, devices, and support facilities that are integral and necessary to the generation of electricity using fuel cells, wind, sun, or landfill gas as the principal source of power.

**Machinery and equipment:** does not include:

- Hand-powered tools
- property with a useful life of less than one year
- repair parts required to restore machinery and equipment to normal working order
- replacement parts that do not increase productivity, improve efficiency, or extend the useful life of machinery and equipment
- buildings

- building fixtures that are not integral and necessary to the generation of electricity that are permanently affixed to and become a physical part of a building.

Machinery and equipment is "used directly" in generating electricity with fuel cells or by wind energy, solar energy, or landfill gas power if it provides any part of the process that captures the energy of the wind, sun, or landfill gas, converts that energy to electricity, and stores, transforms, or transmits that electricity for entry into or operation in parallel with electric transmission and distribution systems.

**Fuel cell:** an electrochemical reaction that generates electricity by combining atoms of hydrogen and oxygen in the presence of a catalyst.

### Reporting/Documentation

Completion of Buyers' Retail Sales Tax Exemption Certificate by buyer for seller's records:

- No application required
- No Annual Survey/Report
- Electronic filing not required
- Expires June 30, 2009
- RCW 82.08.02567
- RCW 82.12.02567
- WAC 458-20-263

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